

Message Text

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ACTION IO-14

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EB-11 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00

NSC-10 PA-04 RSC-01 AID-20 CIEP-02 SS-20 STR-08

TAR-02 TRSE-00 USIA-15 PRS-01 SPC-03 FEA-02 OMB-01

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SUBJ: UNDP DECISION ON COUNTRY AND REGIONAL IPF'S FOR
1977-81

REF: USUN 141

1. SUMMARY: 17TH SESSION ADOPTED DECISION SEPTEL JAN 23
AFTER FIVE DAYS OF PLENARY AND WORKING GROUP DISCUSSIONS.
DECISION ADOPTS FORMULA ON COUNTRY IPFS ON BASIS OF COMPROMISE
WORKED OUT AT 16TH SESSION, I.E. NO GROWTH IN IPFS FOR
PER CAPITA GNP COUNTRIES OVER \$700 AND COUNTRIES OVER
\$500 PER CAPITA GNP TO BECOME NET CONTRIBUTORS. CRITERIA AND
METHODOLOGY FOR REGIONAL IPFS WILL BE WORKED OUT AT EITHER 18TH
OR 19TH SESSION, THOUGH ALL AGREED AFRICA AND ASIA SHOULD SHARE
SUBSTANTIAL NEW RESOURCES WHILE LATIN AMERICAN AND EUROPE, MED-
ITERRANEAN AND MIDDLE EAST REGIONAL ALLOCATIONS WOULD REMAIN
MORE OR LESS STAGNANT IN SECOND CYCLE. END SUMMARY.

2. MOST OF 48 MEMBER GOVERNMENTS INTERVENED IN EXTENSIVE DISCUSSION
ON SUBJ ITEM 4(C). U.S. (AMB. FERGUSON) DELIVERED HARD-HITTING
OPENING STATEMENT FORWARDED REFTEL. FEW OTHER DELEGATIONS WERE
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AS SPECIFIC AS U.S. RE. NEED FOR MOST OIL EXPORTING COUNTRIES

BECOME SUBSTANTIAL EARLY NET CONTRIBUTORS TO UNDP, BUT VARIOUS EUROPEAN DELEGATIONS PLUS JAPAN EXPRESSED SUPPORT IN PRINCIPLE FOR U.S. POSITION.

3. DISCUSSION ON CONCLUSION OF COUNTRY IPFS WAS LINKED TO PRELIMINARY AGREEMENT ON REGIONAL IPFS, SINCE THERE WAS CONSENSUS THAT NO REGION SHOULD SUFFER DECREASE IN REGIONAL IPFS DURING 1977-81. HISTORICALLY, LATIN AMERICA HAS BENEFITED MOST QUANTITATIVELY FROM REGIONAL PROGRAM ASSISTANCE, THEREFORE COUNCIL DIRECTED ADMINISTRATOR TO LIMIT LATIN AMERICA TO AROUND THEIR \$62 MILLION 1972-76 LEVEL WITH BALANCE OF \$275 AVAILABLE FOR REGIONAL IPFS DISTRIBUTED AMONG THE REMAINING THREE REGIONS. DONOR COUNTRIES AND AFRICAN DELEGATIONS ACCENTUATED NEED FOR SUBSTANTIAL REGIONAL PROGRAM ASSISTANCE TO AFRICA BECAUSE IT IS JUDGED THE MOST UNDERDEVELOPED REGION BASED ON SUCH SOCIO-ECONOMIC INDICATORS AS SHARE OF INDUSTRY IN GNP, POPULATION PER PHYSICIAN, LITERACY, PER CAPITA GNP, AND MANY LEAST DEVELOPED, LAND-LOCKED, AND NEWLY INDEPENDENT COUNTRIES. THE ASIAN DELEGATIONS, INCLUDING JAPAN, NEW ZEALAND AND AUSTRALIA (OBSERVER), EMPHASIZED THE MEASGER REGIONAL IPF FOR ASIA IN 1972-76. THESE DELEGATIONS REQUESTED ADMINISTRATOR CORRECT THIS INEQUITY AND, TO THE EXTENT POSSIBLE, ESTABLISH METHODOLOGY GOVERNED PRIMARILY BY BASIC CRITERIA OF REGION'S POPULATION AND AVERAGE PER CAPITA GNP.

4. IN WORKING GROUP AND CORRIDOR DISCUSSION ASIAN DELEGATES, HOWEVER, WERE PREPARED TO COMPROMISE IN RETAINING REGIONAL IPF FLOOR FOR LATIN AMERICA, I.E., SAME REGIONAL IPF IN SECOND CYCLE AS IN FIRST CYCLE. ASIAN DELEGATE PREDISPOSED TO COMPROMISE BASED ON LATIN AMERICA'S THREAT THAT CONSENSUS ON COUNTRY IPFS AND REGIONAL IPFS WOULD NOT BE AGREED TO IF LATIN AMERICA REQUIRED TO SUFFER REDUCTION IN EITHER COUNTRY OR REGIONAL IPF IN NEXT CYCLE.

5. IN DISCUSSION OF AGENDA FOR 18TH SESSION, ADMINISTRATOR WILL TRY TO JUSTIFY POSTPONEMENT OF FURTHER REGIONAL IPF DISCUSSION UNTIL 19TH SESSION SINCE AGENDA FOR 18TH SESSION ALREADY JAMPACKED. U.S. DELEGATION (VAN DYKE) REQUESTED A MORE IN DEPTH ANALYSIS OF NOT ONLY REGIONAL IPFS BUT RELATIONSHIP OF UNCLASSIFIED

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REGIONAL TO INTER-REGIONAL AND GLOBAL PROGRAMS. U.S. SUPPORTED DUTCH AND UK PROPOSALS THAT IN SHRINKING WORLD INNOVATIVE GLOBAL PROJECTS MIGHT BE MOST OPTIMUM USE OF UNDP RESOURCES AND THAT PROPORTION ALLOCATED TO GLOBAL PROGRAMS IN 1977-81 MIGHT WELL BE MORE THAN PRESENTLY CONTEMPLATED. MAJOR DONORS AGREED, HOWEVER, THAT INCREASE IN GLOBAL PROGRAMS COULD ONLY COME BY SHIFT WITHIN COUNTRY, REGIONAL AND INTER-REGIONAL IPFS AND NOT BY INCREASE IN RESOURCES ABOVE 9.6 PERCENT LEVEL PROJECTED. DEPUTY

ADMINISTRATOR PATEL RESPONDED FAVORABLY TO US INITIATIVE ON BROADENING ANALYSIS AT NEXT COUNCIL REVIEW. HE PROPOSED DROPPING INTER-REGIONAL IPFS AS SEPARATE CATEGORY AND ALLOCATING RESOURCES IN ONLY THE THREE CATEGORIES OF COUNTRY, REGIONAL AND GLOBAL PROGRAMS. HE FURTHER SUGGESTED THAT EARMARKING OF PROGRAM RESERVE FUNDS FOR FEASIBILITY STUDIES AND SIS/TENDED TO PREVENT THEIR INCLUSION WITHIN COUNTRY PROGRAMS AND ACTED AS A DISINCENTIVE TO GREATER UNDP FEASIBILITY ANALYSIS RATHER THAN A STIMULATN. FINALLY, PATEL SUGGESTED THAT PREFERABLY 19TH SESSION REVIEW SHOULD ALSO CONSIDER ENTIRE RESOURCE PACKAGE PRESEMED TO BE AVAILABLE IN 1977-81 AND HE WELCOMED COUNCIL'S CRITICISM OF ANY ASSUMPTIONS ON RESOURCE AVAILABILITY THAT MIGHT ARISE.

6. ADMINISTRATOR ALSO RECEPTIVE TO INITIATIVE OF U.S. AND OTHER DELEGATIONS TO INSURE THAT FINAL CALCULATION OF COUNTRY, REGIONAL AND GLOBAL IPFS SHOULD NOT BE APPROVED UNTIL JAN 1976. HOPE WOULD BE THAT ACUTAL WORLD BANK ATLAS DATA FOR CY 74 WOULD BE AVAILABLE FOR THESE CALCULATIONS. MAJOR DONORS ALSO INSIST THAT PROGRESS IN REACHING NET CONTRIBUTOR STATUS, PARTICULARLY ON PART OF RICHER OIL EXPORTING COUNTRIES, COULD BE BETTER ASCERTAINED IN JAN 1976. WOULD EXPECT 17TH SESSION COUNCIL DECISION TO REPRESENT AGREEMENT IN PRINCIPLE ON METHODOLOGY AND CRITERIA FOR COUNTRY, REGIONAL AND, IN A SENSE, GLOBAL IPFS FOR SECOND CYCLE WITH LIMITED FURTHER DISCUSSION NECESSARY AT FUTURE COUNCIL SESSIONS.
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